

Statement of
Carl Laudenslager
MidAtlantic Farm Credit Member/Owner

before the

Committee on Agriculture
U.S. House of Representatives

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Mr. Chairman and members of the committee, my name is Karl Laudenslager and I have a 700 cow dairy in Halifax, Dauphin County, Pennsylvania. I am a customer/owner of MidAtlantic Farm Credit.

I became a member/owner of Farm Credit about a year ago. At the time, I was working with a commercial bank for my financing. I was also in the midst of dissolving a partnership with my brother. Because of some management issues, we were having performance problems with our operation. At the same time, my lender

decided that it no longer wanted to support agriculture in my area.

I called Farm Credit, and talked to one of their loan officers. He was very knowledgeable about farming, and he understood the performance issues that my operation was having. He created a financing package that allowed me to refinance my debt, and dissolve the partnership with my brother. I was very glad that Farm Credit was there to help me when I needed it.

MidAtlantic Farm Credit is a farmer-owned cooperative and a member institution of the Farm Credit System. They have a portfolio of more than \$1.6 billion dollars, with more than 15,500 loans. This year, my Association returned almost \$28 million dollars of patronage to its

members. I picked up my patronage check three weeks ago at our annual stockholder meeting, and I can tell you that it was the icing on the cake of a strong relationship with Farm Credit.

At the annual stockholders meeting, one of MidAtlantic's board members gave us a presentation on the System's HORIZONS project. As you know, Farm Credit has worked hard to meet the mission that Congress gave them 90 years ago—to help ensure the quality of life in rural America and on the farm.

Since Congress created the Farm Credit System, remarkable changes have taken place in Agriculture. At that time, 35 percent of the nation's population lived on farms and about 60 percent lived in rural communities.

Today, only about two percent live on farms and the rural population represents less than 25 percent of the total U.S. population.

Average farms sizes have nearly tripled during this same period – from 150 acres in 1916 to about 440 acres today. Obviously, my own farm is a good example of this change—90 years ago, no one would have dreamed about milking 700 cows. While my operation has changed because I've needed it to grow, it has also been a challenge to continue to farm in an area that is more and more urban. That's why the HORIZONS Project is important to me personally.

The HORIZONS project was designed to help identify the changes that agriculture has faced and then look at ways

that Farm Credit needs to change so that it can continue to meet its mission, and serve rural Americans like myself.

Part of the HORIZONS Project included a great amount of research on agriculture and changes in rural America.

Farm Credit recently released a report, entitled “21st Century Rural America: New Horizons for U.S.

Agriculture.” With your permission, Mr. Chairman, I would ask that this report be made part of the official hearing record.

The HORIZONS project has eight key findings that I hope the Agriculture Committee members will take into account as you consider approaches for the 2007 farm bill. Those

findings are explained in detail in the HORIZONS final report.

One of the most revealing facts found during the analysis of the project was that less than ten percent of all farms remain “farming-only” businesses today. The overwhelming majority of all farmers, especially small operations, rely on off-farm employment to stay in agriculture. Over and over, we have heard knowledgeable people – from both inside and outside of Farm Credit – tell us that rural America had changed dramatically. Where before, rural communities depended on agriculture to survive; agricultural producers today depend on the economic opportunities in rural communities to stay on the farm.

Mark Drabenstott, an economist at the Kansas City Federal Reserve Bank, summed it up by saying, “the rural economy has been through tremendous change. It will undergo even greater change in the future. The old rural economy is fueled by commodities; agricultural, industrial, mineral, timber. Globalization creates a new imperative. The most successful regions will grow entrepreneurs – lots of them.”

To succeed in this new environment, agriculture and rural communities need reliable access to capital, financial services and the expertise necessary to sustain a strong economic future. Farm Credit can help ensure that access.

With small changes, Farm Credit can play an even more vital role in helping strengthen agriculture and rural America. As a farmer who relies on Farm Credit, I believe that the Farm Credit System should be able to serve the evolving financial needs of farmers.

A year ago, I was grateful that Farm Credit could help me continue to farm in Dauphin County. I hope that you will work closely with Farm Credit in the coming months to explore policy solutions that will enable agricultural producers, rural businesses and rural communities to more fully access the financial resources of the Farm Credit System. I think rural Americans deserve a financial partner like Farm Credit.

Thank you again, Mr. Chairman, for allowing me to testify here today.